

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WOOD CREEK WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2005-00453
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On November 7, 2005, Wood Creek Water District (“Wood Creek”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$15,080,000 waterworks improvement project. This project consists of the installation of approximately 2,000 feet of 20-inch raw water transmission main and 19,000 feet of 24-inch transmission line, improvements to the laboratory and piping controls, and a 1,000,000-gallon clearwell.

Project funding includes (1) the issuance of \$7,975,000 of its Waterworks Revenue Bonds, consisting of \$7,250,000 of Series A bonds and \$725,000 of Series B Bonds; (2) a Rural Development (“RD”) grant in the amount of \$1,000,000; (3) an Appalachian Regional Commission grant in the amount of \$500,000; (4) a Kentucky Infrastructure Authority grant in the amount of \$750,000; (5) an Economic Development Administration grant in the amount of \$1,199,000; (6) a loan from the Kentucky Rural Water Finance Corporation in the amount of \$3,594,000; and (7) a contribution from the Applicant in the amount of \$62,000. Applicant has a commitment from RD to purchase said bonds maturing over a 40-year period, at an interest rate not exceeding 4.375

percent per annum as to the Series A Bonds and 4.25 percent as to the Series B Bonds, as set out in the RD Letter of Conditions.

Wood Creek's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development, and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on November 7, 2005, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Wood Creek is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Wood Creek's proposed plan of financing with RD is accepted.
3. Wood Creek is authorized to issue \$7,975,000 of its Waterworks Revenue Bonds, consisting of \$7,250,000 of Series A Bonds at an interest rate not exceeding 4.375 percent per annum and \$725,000 of Series B Bonds at an interest rate not exceeding 4.25 percent per annum for 40 years.
4. The proceeds from the bond issuance shall be used only for the purposes specified in Wood Creek's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Wood Creek may use such surplus to construct additional plant facility if RD approves of the use, and the additional

construction will not result in a change in Wood Creek's rates for service. Wood Creek shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Wood Creek shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certified herein.

7. Wood Creek shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Wood Creek shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Wood Creek shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Wood Creek shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the effective date of this Order, Wood Creek shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 30th day of November, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00453 DATED November 30, 2005

The following rates and charges are prescribed for the customers in the area served by Wood Creek Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8" x 3/4" Meter

First	2,000 gallons	\$16.43	Minimum Bill
Next	1,500 gallons	5.23	per 1,000 gallons
Next	1,500 gallons	4.66	per 1,000 gallons
Next	2,500 gallons	3.92	per 1,000 gallons
Over	7,500 gallons	3.09	per 1,000 gallons

1" Meter

First	5,000 gallons	\$31.26	Minimum Bill
Next	2,500 gallons	3.92	per 1,000 gallons
Over	7,500 gallons	3.09	per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$48.78	Minimum Bill
Over	10,000 gallons	3.09	per 1,000 gallons

2" Meter

First	20,000 gallons	\$79.68	Minimum Bill
All Over	20,000 gallons	3.09	per 1,000 gallons

3" Meter

First	30,000 gallons	\$110.58	Minimum Bill
All Over	30,000 gallons	3.09	per 1,000 gallons

6" Meter

First	100,000 gallons	\$326.88	Minimum Bill
All Over	100,000 gallons	3.09	per 1,000 gallons

East Laurel Water District	\$2.32 per 1,000 gallons
West Laurel Water Association	2.32 per 1,000 gallons
City of Livingston	2.32 per 1,000 gallons